433 has ceased to import more goods, in value, than she exports. In all three countries, though less, perhaps, in Lithuania than in the other two, the progress of industry has been considerable. But the re-
475 organization is not limited to the nature of production itself. For, especially in Estonia and Latvia, the State has gradually tended to play a more and more important part in the economic system, until its activity in some respects can be described only as State capitalism. Thus, though there has certainly been a substantial recovery in all three countries, the economic systems, at any rate of Estonia and Latvia, have emerged from the depression in a very different form from that in which they entered it.

I. PRICE MOVEMENTS AND THE PRODUCTIVE SYSTEM, 1931–7

1. General Considerations

435 The main results of the crisis of 1930–2, as has just been mentioned,
● 511 were severe falls in the price of the principal articles produced by the Baltic States, and an almost equally heavy decrease of consumption in their chief foreign markets. The former of these two results had a serious effect, first on the position of the agricultural population and then upon the standard of living of the whole community. Since the worst year of the crisis prices have not only ceased to fall, but have risen appreciably; in Estonia and Latvia currency depreciation and devaluation have given an additional stimulus to the rise of prices expressed in national currency. To this extent the difficulties caused by the fall of 1930–2 have been diminished. On the other hand, consumption in the chief markets of the Baltic States has improved only very gradually, and the problems
433 caused thereby have therefore been of a less transitory nature. For,
178 in order to remedy the consequent shortage of exchange, Latvia, Estonia, and, to a smaller degree, Lithuania have been forced to modify their productive systems in order to produce commodities which were formerly imported. Thus, during the years 1931–7, Estonia and Latvia have become to a very large extent self-supporting in certain of the chief foodstuffs, and in all three countries a policy of industrialization is being pursued.

2. Price Movements and their Effects

435 The extent of price movements during these years is shown in Table 32 on p. 145.

These indices, of course, include the price of a number of articles not produced in these States, especially certain imported manufactured goods in which the fall of prices was smaller than in many

435 Governments of these two States did much to compensate the agri-
652 cultural class as a whole for falls in the price of their staple products.
565 No such policy was possible in a country such as Lithuania, where agricultural production could not readily be increased. Here the situation was aggravated by the economic difficulties with Germany arising out of the Memel question,[1] and the position of the peasant
● [511] long remained miserable. It was stated in November 1935 that 'in spite of all the relief afforded directly and indirectly by the Government, farmers are thrown back on their own resources, even to the wearing of home-spun cloth and straw shoes'.[2]

435 Since 1935, however, prices have risen appreciably in all three countries, and even in Lithuania, where the gold content of the currency has remained the same throughout, the increase has been substantial. The rise gathered momentum during the earlier part of 1937 and, though most prices have since fallen somewhat, the
[434] effect upon the position of the farmer has been enormous. The resulting increase in the purchasing power of the agricultural population has, in fact, been the basis of the active industrial conditions which persisted in Estonia and Latvia during 1936 and 1937–8, and of the considerable increase in Lithuania's imports in 1937, most of which are of an industrial nature.

3. Agriculture

243 The production of cereals over the period is shown in the following
433 table:

Table 33. *Cereal production*

	Area under crop (thousand ha.)				*Production (thousand quintals)*				*Yield (quintals per ha.)*			
	Average 1926–30	*Average 1931–5*	*Year 1936*	*Year 1937**	*Average 1926–30*	*Average 1931–5*	*Year 1936*	*Year 1937**	*Average 1926–30*	*Average 1931–5*	*Year 1936*	*Year 1937**
Wheat												
Estonia	30	56	66	68	321	634	662	753	10·7	11·3	10·0	11·1
Latvia	61	119	129	137	731	1,632	1,435	1,715	11·8	13·7	11·1	12·5
Lithuania	163	305	196	209	1,859	2,532	2,189	2,174	11·9	12·4	11·0	10·4
Barley												
Estonia	114	107	101	89	1,139	1,034	868	819	9·9	9·7	8·6	9·2
Latvia	176	185	189	182	1,570	2,004	1,650	2,814	8·8	10·8	8·7	12·0
Lithuania	201	202	214	214	2,113	2,435	2,326	2,471	10·7	12·1	10·9	11·5
Rye												
Estonia	142	147	137	149	1,594	1,907	1,585	2,069	12·1	13·0	11·2	13·8
Latvia	254	253	256	288	2,471	3,146	2,860	4,214	9·7	12·4	11·1	14·6
Lithuania	471	498	492	510	5,184	5,891	5,414	6,009	10·8	11·4	11·0	11·8
Oats												
Estonia	144	142	138	145	1,273	1,409	1,138	1,437	8·6	9·9	8·2	9·9
Latvia	297	317	339	335	2,561	3,542	2,844	4,049	8·0	11·2	8·4	12·1
Lithuania	335	350	357	348	3,370	3,735	3,316	3,898	9·4	10·7	9·3	11·2

* 1937: provisional figures only.

[1] See below, p. 167.

[2] D.O.T.: *Economic Conditions in Lithuania, November 1935*, publ. 1936, p. 24.

2₂ Anonymous G-4,5 (no date) 1939 RB1 Baltic Countries RB1
Estonians R64

WAGES IN THE BALTIC COUNTRIES

BC 101 FOUR Baltic countries—Estonia, Finland, Latvia, and Lithuania—are related to one another not only by their geographical location on the eastern shores of the Baltic Sea but also by their historical background, for they all belonged to the former Russian Empire. Estonia, Latvia, and Lithuania were merely provinces of that empire, but Finland was an autonomous state, although with considerably restricted autonomy.

BC 101 Of these countries, Finland is the largest in territory and population, having about 3,365,000 inhabitants, while Estonia is the smallest, with about 1,127,000 inhabitants.

BC 105 The level of industrial development and relations and of educational standards in the Baltic countries more nearly resembles that of Scandinavian than of any other European group of countries.[1] Also, although wages are lower in the Baltic countries, it is generally agreed that the cost of living is also lower than in the Scandinavian countries.

Wages in Estonia[2]

E 465 745 The wage rates as indicated in the following tables represent the wages as received by workers, and include deductions for sickness and accident insurance. For sickness insurance, the deduction is 2 percent of the wages, to which the employer adds 4 percent. For insurance against accident no deduction is made, but 1 percent is contributed to the insurance fund by the employer alone.

AGRICULTURE

E 465 241 The shortage of farm laborers in 1937 affected the wage situation in Estonian agriculture, causing the wages to rise. Thus, for example, the average monthly wages of male farm hands employed on a yearly contract increased from 22.10 krooni [3] in 1936 to 27.20 krooni in 1937, or 23 percent. For females the increase was 22 percent, their average monthly wage rate for 1937 being 19.50 krooni. Farm workers employed on a summer contract were paid the following average monthly wages in 1937: Male laborers, 38.10 krooni, female laborers 27.10 krooni, and herders 19.80 krooni, representing increases of 23 percent, 22 percent, and 19 percent from the corresponding figures for 1936. Table 1 gives the wages for farm laborers in 1937, employed on both yearly and summer contracts, according to age. Averages for workers aged 18 to 50 are also shown by years from 1933 to 1937.

[1] See Monthly Labor Review, November 1938, pp. 1123-1144: Wages and Hours in Scandinavian Countries, 1927-38.

[2] Report of Edward Hunt, clerk of American Consulate at Tallinn.

[3] Kroon (100 senti) in 1936 to 1938—about 27 cents, U. S. currency.

2: Milosz S-5 (no date)1953 El Europe
Baltic Countries

that two different languages entered into use there: the masters, that is the landholders, spoke German (in Estonia and Latvia) and Polish (in Lithuania) in part because the newcomers brought with them their own language and customs, and in part because the local nobility adopted them. The common people, however, spoke their native tongue and preserved their cultural heritage from a legendary past. After the First World War, these three countries ceased to be provinces of the Russian Tsardom and became independent. Radical agrarian reforms curbed the influence of the great landowners. The native tongues became the official languages, while literature and education restored popular traditions.

In 1939, the population of these three states numbered about six million, that is, a little more than the population of Chile, a little less than that of Sweden. They were agricultural countries whose economies were maintained by a well-organized exportation of bacon, eggs, butter, grain, and fowl to Western Europe. In this, as well as in other respects, they resembled Denmark. Whoever knows the patterns of farming life can easily picture the mode of existence of these Baltic regions. A widespread system of cooperatives helped the farmer sell his products. His standard of living, judging by his appearance, his house and his diet, was higher than that of the Slavonic countries, with the possible exception of Czechoslovakia. Most Estonians and Latvians were Protestant; most Lithuanians, Catholic. All three nations were characterized by obstinate patriotism, or even chauvinism—which is understandable in terms of their hard past. Militarily, all three were defenseless.

The fate of these states was decided in the talks between Molotov and Ribbentrop. In the fall of 1939, Molotov demanded military bases; the Baltic governments hurried